

Message Text

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42

ACTION TRSE-00

INFO OCT-01 NEA-14 ISO-00 CIAE-00 INR-11 NSAE-00 PA-04

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FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 3179

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMCONSUL JERUSALEM

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FOR SECRETARY SIMON'S PARTY

E.O. 11652: N/A

TAGS: OVIP (SIMON, WILLIAM)

SUBJ: PRESS REACTION ON TREASURY SECRETARY SIMON'S

VISIT

1. ALL NEWSPAPERS GIVE EXTENSIVE COVERAGE TO US
TREASURY SECRETARY SIMON'S TALKS WITH ISRAELI LEADERS.
PRESS LISTS ISRAELI REQUESTS FOR AID AND REPORTS SYMPATHE-
TIC RESPONSE BY MR SIMON.

2. PRESS REPORTS DECISION TO SET UP JOINT MINISTERIAL
COMMITTEE. IT WILL DEAL AT CABINET LEVEL, WITH THE
SUBJECT OF ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES.
FINANCE MINISTER RABINOWITZ WILL GO TO WASHINGTON
IN NOVEMBER TO ATTEND A MEETING OF THE COMMITTEE. UNTIL
THEN FOUR WORKING GROUPS, MADE UP OF GOVERNMENT OFFICIALS
FROM BOTH COUNTRIES, WILL STUDY PROBLEMS AND DRAFT RECOMMENDA-
TIONS. THE SUBJECTS WHICH THE WORKING GROUPS WILL DEAL
WITH ARE ENCOURAGEMENT OF US INVESTMENTS IN ISRAEL, THE
ENSURING OF RAW MATERIAL SUPPLIES AND THE PROMOTION OF
TRADE.

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3. ACCORDING TO HAARETZ (INDEPENDENT), FINANCE MINISTER RABINOWITZ DESCRIBED TO MR SIMON THE DIFFICULTIES OF THE ISRAELI ECONOMY WITH SPECIAL EMPHASIS ON BALANCE OF PAYMENTS PROBLEM LARGELY DUE TO DEFENSE EXPENSES. TALKS WITH COMMERCE MINISTER BAR-LEV COVERED COMMERCIAL PROBLEMS RE US-ISRAEL TRADE TIES, AMERICAN CUSTOMS REGULATIONS, SUPPLY OF RAW MATERIALS AND RESEARCH.

4. PRESS REPORTS THAT SECRETARY SIMON AND FOREIGN MINISTER ALLON EXCHANGED VIEWS ON THE SITUATION IN THE AREA WITH SPECIAL EMPHASIS ON THE POLITICAL ASPECTS AS THEY BEAR ON THE ECONOMIC SITUATION. ALLON EXPRESSED THE HOPE THAT DURING STAGES OF NEGOTIATIONS, REGIONAL JOINT ECONOMIC PROJECTS CAN BE PLANNED, EVEN BEFORE PEACE. ALLON ALSO PROPOSED TO SET UP A FREE TRADE ZONE IN ONE OF ISRAEL'S PORTS, WITH ACTIVE AID FROM US.

5. ACCORDING TO HAARETZ, ISRAELI PARTICIPANTS IN THE TALKS WERE MOST SATISFIED WITH THE PROGRESS OF TALKS AND THE AMERICAN POSITION. COMPARED WITH THIS POSITIVE FEELING, "MR SIMON'S STATEMENT AT THE KING DAVID LUNCH...LEFT A DIFFERENT EMPRESSION...ECONOMIC CIRCLES IN JERUSALEM SAID THAT, IN SPITE OF THE STATEMENT, THE IMPRESSION IS THAT THERE EXISTS A SINCERE AMERICAN READINESS TO AID ISRAEL AS MUCH AS POSSIBLE..."

6. YEDIOT (INDEPENDNET) QUOTES MR SIMON AS SAYING TO ISRAELI MINISTERS THAT HIS IMPRESSION FROM TALKS HE HELD WITH EGYPTIAN LEADERS IS THAT "EGYPT IS NOW PEACE ORIENTED..." MR SIMON EMPHASIZED, HOWEVER, THAT IT WAS HIS PERSONAL IMPRESSION BASED ON A BRIEF VISIT. HE ADDED THAT "EGYPTIAN LEADERS GIVE THE IMPRESSION THAT THEY ARE DETERMINED TO DEVELOP THEIR COUNTRY AND ENLIST ECONOMIC SUPPORT IN THE WORLD FOR THIS PURPOSE..."

7. MAARIV (INDEPENDENT) EDITORIAL WRITES THAT "IN TALKS WITH US TREASURY SECRETARY ISRAELI REPRESENTATIVES CONTINUE TO EXPRESS THE VIEW THAT AMERICAN AID, MILITARY AND CIVILIAN, SHOULD BE GRANTED ON A MULTI-YEAR BASIS. THE DESIRE CAN BE UNDERSTOOD, BUT ITS FULFILLMENT IS CONTRARY TO ALL US ADMINISTRATION WORKING PROCEDURES. A US SECRETARY

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CAN, AT THE MOST, PROMISE TO REVIEW SYMPATHETICALLY ISRAELI REQUESTS. HE CANNOT TAKE UPON HIMSELF ANY COMMITMENTS. HE IS APPOINTED BY THE PRESIDENT AND...CAN BE REPLACED ANY TIME. HE CAN PROMISE NOTHING OUTSIDE OF THIS YEAR'S BUDGET. NEXT YEAR THE CONGRESS CAN CHANGE ITS MIND...THERE IS NO CERTAINTY THAT (CONGRESS) WILL ADHERE TO THE PRESENT POLICY. CONSIDERABLE CHANGES IN THE COMPOSITION OF CONGRESS WILL PROBABLY TAKE PLACE THIS AUTUMN, AND IT IS NOT ASSUMED THAT

PRESIDENT NIXON WILL ENJOY GREATER SUPPORT THAN HE ENJOYS
NOW..." MR SIMON "PLACED ISRAELI REQUESTS IN THE RIGHT
PERSPECTIVE FROM THE POINT OF VIEW OF REALISTIC CHANCE OF AN
AMERICAN AGREEMENT TO FULFILL THESE REQUESTS: ALL THE
SYMPATHY AND GOODWILL CANNOT OVERCOME THE FACT THAT THE
AMERICAN BUDGET IS VOTED ON ANNUALLY AND A SECRETARY IN 1974
IS IN NO POSITION TO KNOW WHAT THE CONGRESS IN 1979 WILL
DECIDE."
KEATING

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